Small business is critical to Minnesota

The landscape

Small business is critical to the success and vitality of our state. According to the U.S. Small Business Administration Office of Advocacy, small businesses employ 1.3 million Minnesotans.

Minnesota small businesses create community wealth, support a robust workforce and provide access to the American dream. This is true across all businesses, and especially in African, Latino/a/x, Asian, and Native American (ALANA) communities. ALANA workers support roughly $200B in economic output, about 40% of Minnesota's economy, and generate $24B in Federal, State and Local taxes.

The damage

Since the end of 2025, Minnesota small businesses have faced significant economic disruption due to circumstances out of their control. Many businesses have reduced hours or even closed for long stretches of time due to staffing shortages and reduced foot traffic.

> **My business has experienced a significant slowdown that has been both financially and emotionally challenging. My business is more than a beauty shop—it is my livelihood, my investment, and something I have built with care and sacrifice."**
>
> – Hmong American Partnership Client

$100 Million in grants

1.3 million
Minnesotans employed by small businesses

$213M
estimated risk across Twin Cities

$140M
risk to CDFI loan portfolios

Economic impacts have been immediate, forcing businesses to rely on saving, loans, mutual aid and community to stay open, creating a generational crisis for many small businesses. These impacts are not limited to the Twin Cities – Main Street small businesses have been impacted in Red Wing, Rochester, Northfield, Willmar, Worthington, Detroit Lakes, Fergus Falls, Brainerd, Duluth, and more.

Economic mapping of 14 cultural corridors in the Twin Cities, conducted by GreaterMSP and the Minnesota CDFI Coalition, estimated that from mid-December 2025 to February 2026, small businesses experienced $213M in economic losses ($167M in Minneapolis and $46M in St. Paul).

Small business lenders like CDFIs are working with their clients to provide flexibility and support through this period of financial stress, but are also concerned about their own loan portfolios. Collectively, Minnesota CDFIs have $700M in loans outstanding as of June 2025 and as they undertake scenario planning, a potential 20% delinquency rate, means a threat of $140M lost in the capital portfolio of Minnesota CDFI lenders.

"You can feel it, the sadness from town. There's no people walking around. You go to the stores, and they lock the doors now. You've got to wait until they open the door for you. It's not normal."

– Larry Trovino, Los Partners Auto Sales, Worthington, MN

The Solution

The solution is to continue to support small businesses and set Minnesota up for the best chance of recovery. Community members have stepped up with enormous amounts of mutual aid, philanthropic and corporate partners are stepping in with economic relief support, now state government has a role in ensuring recovery and longer-term stability.

$100 million in Small Business Relief Grants to help stabilize our small businesses and Minnesota's economy.

Contact

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Bill Supporters

African American Leadership Forum

ACER — Access Equity Opportunity

African Development Center of Minnesota

African Economic Development Solutions

The Alliance — Advancing Regional Equity

Aeda

BWWA — Your Prosperity Is Our Purpose

CAAL — Coalition of Asian American Leaders

CRF USA

Connect Up! Institute — Powered by Social Impact Now

COPAL

Exodus Lending

First Children's Finance

GMNP — Greater MN Partnership

Greater Twin Cities United Way

GroundBreak Coalition

CHAP

Initiative Foundation

Lake Street Council

Latino Chamber of Commerce

Latino Economic Development Center — Centro para el Desarrollo Económico Latino

LISC Twin Cities

meda — Metropolitan Economic Development Association

MMCDC — Midwest Minnesota Community Development Corporation

MPLS Regional Chamber

Catalyst

Minnesota CDFI Coalition

MCCD — Minnesota Consortium of Community Developers

Minnesota Council on Foundations

ModelCities

mpls downtown council

NeDA — Neighborhood Development Alliance

NDC — Neighborhood Development Center

NEON — Northside Economic Opportunity Network

Northwest Minnesota Foundation

Queermunity

Shared Capital Cooperative — Building Economic Democracy

Southwest Initiative Foundation

Springboard for the Arts

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UNIDOS MN — Community • Leadership • Power

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